



## Key facts



We commissioned an independent study to better understand how growth affects a council.



The study found growing councils need to spend more, particularly on infrastructure, but found no evidence growth doesn't pay for itself in the long run.



We're looking for feedback on the consultant's report by **18 October 2017**. We will use the feedback to inform our higher cap application process.

## Some Victorian local government areas have experienced significant growth over the last decade

This growth is expected to continue, especially in the interface councils of Cardinia, Casey, Hume, Melton, Mitchell, Mornington Peninsula, Nillumbik, Whittlesea, Wyndham and Yarra Ranges. Other more established suburbs are also experiencing infill growth.

In 2016, three councils (Ballarat, Casey and Wyndham) submitted higher cap applications that cited growth as a key reason for needing additional revenue above the average rate cap.

After considering these applications, we recognised more work was needed to better understand the impact of growth on councils so we appointed consultants Arup to undertake an independent growth study.

The key objective of the study was to gain an independent view of the impact of population growth on the capacity of councils to provide services and infrastructure to the community over time.

## The consultants found delivering new infrastructure puts pressure on growth councils

Arup's report makes a number of findings:

- Arup found councils need to spend more when they are growing compared to when population is stable, primarily due to costs associated with infrastructure delivery.



- Arup found no evidence that a community's own current and future income is insufficient to fund its local infrastructure (based on the data gathered to date).
- However, Arup found councils can increase the efficiency and effectiveness of their organisations, particularly in asset management.
- Arup found it is possible to use debt financing to bridge the gap between capital expenditure today and the income from rates and charges in the future.

Arup found improving asset management and considering all funding options may help alleviate the short term pressure on councils to apply for a higher cap.

Arup's report is now available on our website - <http://www.esc.vic.gov.au/document/local-government/54630-arups-growth-study-report/>.

## Next steps

We welcome stakeholder feedback on Arup's report. Following this feedback, we will consider how to best use the findings and recommended questions to inform our higher cap application assessment process and whether amendments to our guidance material are required.

We also believe that Arup's report will promote greater discussion and sharing of ideas about best practice approaches to managing growth in the sector.

## Key dates

- 20 September: Arup Growth study released for comment
- 18 October 2017: Feedback on the report should be sent to:
  - [localgovernment@esc.vic.gov.au](mailto:localgovernment@esc.vic.gov.au) with subject title: *Feedback on Arup's growth study*

## Contact us

If you have any questions about the growth study, call:

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[View our contact details](#) and follow us on [LinkedIn](#) and [Twitter](#)